

HEALTHY LIFESTYLE CHOICES**Audit of Financial Statements**

**September 30, 2010 with Comparative
Totals for September 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/6/11

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Independent Auditor's Report

To the Board of Trustees
Healthy Lifestyle Choices

We have audited the accompanying statement of financial position of Healthy Lifestyle Choices (HLC, a Louisiana nonprofit and non-stock corporation) as of September 30, 2010, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of HLC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from HLC's 2009 financial statements and, in our report dated January 14, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HLC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HLC as of September 30, 2010, and the results of its activities and changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

A Professional Accounting Corporation

January 7, 2011

HEALTHY LIFESTYLE CHOICES**Statement of Financial Position****As of September 30, 2010 with Comparative Totals As of September 30, 2009****(In Thousands)**

	2010				2009 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 155	\$ 30	\$ -	\$ 185	\$ 135
Accounts Receivable	1	-	-	1	1
Grants Receivable	-	-	-	-	11
Prepaid Expenses	19	-	-	19	27
Inventory	11	-	-	11	14
Total Current Assets	186	30	-	216	188
Fixed Assets, Net	2	-	-	2	5
Total Assets	\$ 188	\$ 30	\$ -	\$ 218	\$ 193
Liabilities and Net Assets					
Current Liabilities					
Accounts Payable	\$ 15	\$ -	\$ -	\$ 15	\$ 25
Accrued Expenses	32	-	-	32	38
Total Current Liabilities	47	-	-	47	63
Net Assets	141	30	-	171	130
Total Liabilities and Net Assets	\$ 188	\$ 30	\$ -	\$ 218	\$ 193

The accompanying notes are an integral part of these financial statements.

HEALTHY LIFESTYLE CHOICES
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2010 with Comparative Totals For the Year Ended
September 30, 2009
(In Thousands)

	2010				2009 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenue and Support					
Grants	\$ 600	\$ 36	\$ -	\$ 636	\$ 683
Curriculum Sales	28	-	-	28	36
Curriculum Royalties	20	-	-	20	24
Gifts and Pledges, Net	9	3	-	12	16
Other Income	2	-	-	2	3
Investment Income, Net	-	-	-	-	2
Net Assets Released from Restrictions	56	(56)	-	-	-
Total Revenue and Support	715	(17)	-	698	764
Expenses and Losses					
Personnel Costs	329	-	-	329	367
Professional Fees	124	-	-	124	86
Operating Costs	68	-	-	68	108
Program Training and Development	46	-	-	46	49
Marketing and Events	44	-	-	44	46
Occupancy Costs	32	-	-	32	34
Insurance	11	-	-	11	14
Depreciation and Amortization	3	-	-	3	4
Other Non-Operating Expenses	-	-	-	-	30
Total Expenses	657	-	-	657	738
Increase (Decrease) in Net Assets	58	(17)	-	41	26
Net Assets, Beginning of Year	83	47	-	130	104
Net Assets, End of Year	\$ 141	\$ 30	\$ -	\$ 171	\$ 130

The accompanying notes are an integral part of these financial statements.

HEALTHY LIFESTYLE CHOICES**Statement of Cash Flows****For the Year Ended September 30, 2010 with Comparative Totals For the Year Ended****September 30, 2009****(In Thousands)**

	2010				2009
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Cash Flows from Operating Activities					
Increase (Decrease) in Net Assets	\$ 58	\$ (17)	\$ -	\$ 41	\$ 26
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	3	-	-	3	4
Increase in Accounts Receivable	-	-	-	-	(1)
Decrease (Increase) in Grants Receivable	-	11	-	11	(2)
Decrease (Increase) in Prepaid Expenses	8	-	-	8	(9)
Decrease (Increase) in Inventory	3	-	-	3	(14)
Decrease in Accounts Payable	(10)	-	-	(10)	(61)
(Decrease) Increase in Accrued Expenses	(6)	-	-	(6)	20
Net Cash Provided by (Used in) Operating Activities	56	(6)	-	50	(37)
Net Increase (Decrease) in Cash and Cash Equivalents	56	(6)	-	50	(37)
Cash and Cash Equivalents, Beginning of Year	99	36	-	135	172
Cash and Cash Equivalents, End of Year	\$ 155	\$ 30	\$ -	\$ 185	\$ 135

The accompanying notes are an integral part of these financial statements.

HEALTHY LIFESTYLE CHOICES

Notes to Financial Statements

Note 1. Organization

Healthy Lifestyle Choices (HLC) is a private foundation under Section 509(a) of the Internal Revenue Code (IRC), qualifying as a private operating foundation described under Section 4942(j)(3) of the IRC. HLC provides children, from birth to age 12, with the proper knowledge and skills necessary to reduce health-risk behaviors and to assist children in leading healthier and more productive lives.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of HLC have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles, and they include all significant receivables, payables, and other liabilities.

Basis of Presentation

The fiscal 2010 financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the FASB Accounting Standards Codification. Accordingly, HLC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are those whose use by HLC has been limited by donors to a specific time period or purpose.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the HLC's financial statements for the year ended September 30, 2009, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

HLC considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

HEALTHY LIFESTYLE CHOICES

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions

HLC accounts for contributions in accordance with the *Not-for-Profit Entities* Topic of the FASB Accounting Standards Codification. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as Net Assets Released from Restrictions.

Fixed Assets, Net

Property and equipment are carried at cost. Management's threshold for capitalization is \$500. Depreciation is calculated using the straight-line method at rates based on the estimated useful lives of the assets. Estimated useful lives are three years for equipment, ten years for furniture and fixtures, and three years for other fixed assets. Depreciation expense was \$3,226 and \$5,089 for the fiscal years ending September 30, 2010 and 2009, respectively. Fixed assets at September 30, 2010 and 2009, consisted of the following (dollars in thousands):

	2010	2009
Equipment	\$ 82	\$ 82
Other Fixed Assets	27	26
Furniture and Fixtures	19	19
Less: Accumulated Depreciation	(126)	(122)
Fixed Assets, Net	\$ 2	\$ 5

Intangible Assets

Intangible assets include certain intellectual property rights, logo development, and website design costs. Intangible assets are amortized based on the estimated useful lives of the assets, which is generally five years. As of September 30, 2010 and 2009, intangible assets are fully amortized.

Temporarily Restricted Net Assets

Temporarily restricted net assets primarily consist of net assets that are available to fund educational programs conducted by HLC.

HEALTHY LIFESTYLE CHOICES

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Internal Revenue Service has determined that HLC is exempt from Federal income tax under Section 509(a) of the Internal Revenue Code. However, HLC is a private foundation and is subject to certain taxes on its net investment income.

Inventory

Inventory consists of curriculum obtained for resale. Inventories are stated based on the first-in, first-out method.

Uncertain Tax Positions

HLC follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic had no impact on the statement of financial position and the statement of activities and changes in net assets.

All tax returns have been appropriately filed by HLC. HLC recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. HLC's tax filings are subject to audit by various taxing authorities. HLC's open audit periods are 2006 through 2009. Management evaluated HLC's tax position and concluded that HLC has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 3. Leases

HLC signed a two year lease for office space commencing January 1, 2011 and expiring December 31, 2012. Subsequent to year end, the lease was renewed from January 1, 2011 through December 31, 2012 for \$1,533 per month.

Future minimum lease payments required under operating leases as of September 30, 2010, are (dollars in thousands):

Year Ending September 30,	Amount
2011	\$ 18
2012	18
2013	5
Total	\$ 41

In October, 2008, HLC entered into an operating lease for a postage meter for a term of three years at a monthly fee of \$23 per month; however, the lease is cancelable.

HEALTHY LIFESTYLE CHOICES

Notes to Financial Statements

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes (dollars in thousands):

	2010	2009
Methodist Health System Foundation, Inc.	\$ 25	\$ 25
BCM High School Culture Program	3	20
LA Governor's Safe and Drug Free Schools	-	2
NY/NJ Curriculum Support	2	-
Total	\$ 30	\$ 47

Note 5. Release of Restricted Assets

Net assets were released from restrictions by incurring expenses satisfying the following restricted purposes (dollars in thousands):

Restrictions Accomplished	2010	2009
Methodist Health System Foundation, Inc.	\$ 29	\$ 21
BCM High School Culture Program	17	7
Camp Boost Translation to Spanish	5	-
LA Governor's Safe and Drug Free Schools	2	26
Unilever Miami CSR Program	2	-
NY/NJ Curriculum Support	1	-
School Salad Bars	-	14
United Healthcare	-	10
Emeril's Foundation	-	5
PeyBack Foundation	-	3
Total	\$ 56	\$ 86

Note 6. Retirement Plan

Effective August 1, 2001, HLC adopted a tax-deferred group annuity plan qualified under Section 401(k) of the IRC. Employer discretionary contributions for eligible employees are based on 2.5% and 5% of wages for the fiscal years ended September 30, 2010 and 2009, respectively, plus an additional 2.5% and 5% for the fiscal years ended September 30, 2010 and 2009, respectively, of wages in excess of the Social Security wage base. In addition, HLC makes matching contributions up to 75% of the first 4% of wages contributed by eligible employees on a salary reduction basis under Section 401(k) of the IRC. Total employer contributions were approximately \$7,100 and \$19,000 in fiscal 2010 and 2009, respectively.

HEALTHY LIFESTYLE CHOICES

Notes to Financial Statements

Note 7. Concentration of Revenues

Approximately 85% of HLC's total revenue and support is derived from one grantor.

Note 8. Functional Classification of Expenses

Expenses by function for the year ended September 30, 2010 and 2009 were as follows (dollars in thousands):

	2010	2009
Program Services	\$ 559	\$ 639
Supporting Services		
Management and General	76	75
Fund Raising	22	24
Total Expenses	\$ 657	\$ 738

Note 9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 7, 2011. As discussed in Note 3, HLC renewed its lease for office space subsequent to September 30, 2010. No subsequent events occurring after January 7, 2011 have been evaluated for inclusion in these financial statements.